

**STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
45 Fremont Street, 21<sup>st</sup> Floor  
San Francisco, California 94105**

**RH03026444**

**September 3, 2003**

**INITIAL STATEMENT OF REASONS  
Rule 94 Public Auto Classification**

**PURPOSE OF THE REGULATION**

Pursuant to California Insurance Code Section 11620 California Insurance Commissioner John Garamendi will hold a public hearing regarding the recommendation of the California Automobile Assigned Risk Plan ("CAARP") to amend Rule 94 of the CAARP Manual to introduce a rating procedure for limousines with a seating capacity in excess of eight.

**NECESSITY OF REGULATION**

Due to the misuse of producers the CAARP proposes to revise Rule 94 of the CAARP manual. The revision will delete reference to the seating capacity of eight or fewer under the Use Class for Limousines. CAARP further proposes to introduce a rating factor of .75 for limousines with a seating capacity in excess of eight. This is an increase of .25 over the .50 factor for limousines with a seating capacity of eight or fewer. This is the same procedure used for taxicabs.

California Insurance Code Sections 11620 and 11624, the Commissioner approves the rules and regulations governing the administration of the plan rates for those obtaining coverage through the assigned risk plan. Before amending the plan for CAARP, the Commissioner holds a public hearing.

**IDENTIFICATION OF STUDIES**

The application relies upon the expertise of CAARP's Advisory Committee. Other than the application and accompanying explanatory memorandum and exhibits, however, no studies have been submitted for this proceeding.

**SPECIFIC ACTIONS, PROCEDURES, TECHNOLOGIES OR EQUIPMENT**

Adoption of the proposed changes would not mandate the use of specific technologies or equipment.

#### REASONABLE ALTERNATIVES

The Commissioner invites public comments on the proposed changes and reasonable alternatives which would be as effective to carry out the proposed changes.

#### ECONOMIC IMPACT ON BUSINESS

The Commissioner has initially determined that the proposed changes will not have a significant adverse economic impact on businesses. The Commissioner invites interested parties to comment on whether the proposed changes will have a significant adverse economic impact on business.